



DYNACIATE GROUP BERHAD

Registration No. 200601012544 (732294-W)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

DYNACIATE GROUP BERHAD 200601012544 (732294-W)

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 NOVEMBER 2021**

	As at 30-Nov-21 Unaudited RM'000	As at 30-Nov-20 Audited RM'000
Assets		
Non-current assets		
Property, plant and equipment	19,238	21,074
Investment properties	60,000	40,650
Right-of-use assets	12,511	12,725
Investment in an associate	6,514	-
Total non-current assets	<u>98,263</u>	<u>74,449</u>
Current assets		
Trade and other receivables	16,550	15,482
Current tax assets	19	36
Contract assets	1,508	14,796
Cash and cash equivalents	7,091	2,234
Total current assets	<u>25,168</u>	<u>32,548</u>
Total assets	<u>123,431</u>	<u>106,997</u>
Equity		
Share capital	92,348	76,696
Reserves	(31,356)	(43,602)
Total equity attributable to owners of the Company	<u>60,992</u>	<u>33,094</u>
Non-controlling interests	6,000	6,000
Total equity	<u>66,992</u>	<u>39,094</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	1,654	-
Loans and borrowings	17,922	17,107
Trade and other payables	5,644	11,039
Total non-current liabilities	<u>25,220</u>	<u>28,146</u>
Current liabilities		
Loans and borrowings	5,751	8,828
Current tax liabilities	-	8
Trade and other payables	22,516	29,759
Contract liabilities	2,952	1,162
Total current liabilities	<u>31,219</u>	<u>39,757</u>
Total liabilities	<u>56,439</u>	<u>67,903</u>
Total equity and liabilities	<u>123,431</u>	<u>106,997</u>
Net assets per ordinary share attributable to owners of the Company (sen)	9.07	5.61

The unaudited Condensed Consolidated Statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

DYNACIATE GROUP BERHAD 200601012544 (732294-W)

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021**

	Individual period		Cumulative period	
	Current year- quarter-ended 30-Nov-21 RM'000	Preceding year corresponding quarter ended 30-Nov-20 RM'000	Current period- to-date 30-Nov-21 RM'000	Preceding year corresponding period ended 30-Nov-20 RM'000
Revenue	3,642	14,238	16,416	59,250
Cost of sales	(3,252)	(15,121)	(15,235)	(65,442)
Gross profit/(loss)	390	(883)	1,181	(6,192)
Distribution expenses	-	-	-	(116)
Administrative expenses	(786)	(3,165)	(6,200)	(8,937)
Other operating expenses	-	(4,038)	-	(3,240)
Other income	19,699	-	20,818	1,063
Finance costs	(935)	(267)	(1,395)	(733)
Share of profit of associate, net of tax	24	-	14	-
Profit/(Loss) before taxation	18,392	(8,353)	14,418	(18,155)
Income tax expense	(1,634)	(56)	(1,637)	(67)
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial period	16,758	(8,409)	12,781	(18,222)
Profit/(Loss) after taxation attributable to:				
Owners of the Company	16,758	(8,409)	12,781	(18,222)
Non-controlling interests	-	-	-	-
	16,758	(8,409)	12,781	(18,222)
Total comprehensive income/ (expenses) attributable to:				
Owners of the Company	16,758	(8,409)	12,781	(18,222)
Non-controlling interests	-	-	-	-
	16,758	(8,409)	12,781	(18,222)
Earning/(Loss) per ordinary share (sen):				
Basic	2.47	(1.42)	1.96	(3.26)
Diluted	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

DYNACIATE GROUP BERHAD 200601012544 (732294-W)
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CONDENSED INTERIM FINANCIAL STATEMENT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021

	<----- Attributable to owners of the Company ----->				<----- Non-distributable -----> Distributable			
	Share capital	Capital	Reverse	Warrant	(Accumulate d losses)/ Retained	Total	Non- controlling	Total Equity
	RM'000	reserve RM'000	acquisition reserve RM'000	reserve RM'000	profits RM'000	RM'000	interests RM'000	RM'000
At 1 December 2020	76,696	(10,834)	-	13,718	(46,486)	33,094	6,000	39,094
Profit for the financial year	-	-	-	-	12,781	12,781	-	12,781
Issuance of ordinary shares pursuant to private placement	14,392	-	-	-	-	14,392	-	14,392
Issuance of ordinary shares pursuant to conversion of ICPS	1,260	(535)	-	-	-	725	-	725
Transactions with owners of the Company	15,652	(535)	-	-	-	15,117	-	15,117
At 30 November 2021	92,348	(11,369)	-	13,718	(33,705)	60,992	6,000	66,992
At 1 December 2019	71,806	(8,518)	(53,300)	13,718	25,035	48,741	6,000	54,741
Loss for the financial year	-	-	-	-	(18,222)	(18,222)	-	(18,222)
Issuance of ordinary shares pursuant to private placement	2,315	(2,315)	-	-	-	-	-	-
Issuance of ordinary shares pursuant to conversion of ICPS	2,575	-	-	-	-	2,575	-	2,575
Transactions with owners of the Company	4,890	(2,315)	-	-	-	2,575	-	2,575
Reclassification on disposal of subsidiary	-	-	53,300	-	(53,300)	-	-	-
At 30 November 2020	76,696	(10,833)	-	13,718	(46,487)	33,094	6,000	39,094

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

DYNACIATE GROUP BERHAD 200601012544 (732294-W)
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CONDENSED INTERIM FINANCIAL STATEMENT
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021

	Current period- to-date 30-Nov-21 RM'000	Preceding year corresponding period ended 30-Nov-20 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	14,418	(18,155)
Adjustments for:		
Depreciation on property, plant and equipment	1,840	1,352
Depreciation on right-of-use assets	214	38
Fair value gain on investment properties	(18,968)	-
Interest expense	1,395	733
Interest income	(12)	(26)
Loss/(Gain) on disposal of:		
- investment in subsidiaries	-	(483)
- investment in associates	-	2,666
Reversal of impairment of contract assets	(1,070)	-
Share of profit of associate	(14)	-
Operating loss before working capital changes	<u>(2,197)</u>	<u>(13,875)</u>
Changes in working capital:		
Increase in inventories	-	(414)
(Increase)/Decrease in trade and other receivables	(1,068)	22,847
Decrease/(Increase) in contract assets	14,358	(5,621)
(Decrease)/Increase in trade and other payables	(13,120)	3,071
Increase/(Decrease) in contract liabilities	1,790	(2,272)
Cash generated from/(used in) operations	<u>(237)</u>	<u>3,736</u>
Income taxes paid	(6)	(38)
Income taxes refunded	32	-
Net cash (used in)/generated from operating activities	<u>(211)</u>	<u>3,698</u>
Cash flows from investing activities		
Acquisitions in an associate	(6,500)	-
Acquisitions in property, plant and equipment	(4)	(10,180)
Acquisitions in right-of-use assets	-	(6,936)
Acquisitions in investment properties	(382)	-
Interest received	12	26
Net cash outflow on disposal of a subsidiary	-	(83)
Net cash used in investing activities	<u>(6,874)</u>	<u>(17,173)</u>
Cash flows from financing activities		
Interest paid	(913)	(733)
Drawdown of other borrowings	4,000	-
Repayment to a Director	-	(583)
(Repayment)/Drawdown of banker acceptances, net	(5,374)	4,079
(Repayment)/Drawdown of term loans	-	10,111
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	725	-
Proceeds from issuance of ordinary shares pursuant to private placement	14,392	2,575
Repayment of finance lease liabilities	(888)	(634)
Net cash generated from financing activities	<u>11,942</u>	<u>14,815</u>
Net increase in cash and cash equivalents	4,857	1,340
Cash and cash equivalents as at beginning of financial period	2,234	894
Cash and cash equivalents as at end of financial period	<u><u>7,091</u></u>	<u><u>2,234</u></u>
Cash and cash equivalents comprise of:-		
Cash and bank balances	7,084	2,022
Short term deposits with licensed banks	7	212
Cash and cash equivalents	<u><u>7,091</u></u>	<u><u>2,234</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2020 with the accompanying explanatory notes attached to the financial statements.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 NOVEMBER 2021

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 November 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 November 2020.

The following are accounting standard and amendments of MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group.

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 January 2021

- Amendment to MFRS 9, *Financial Instrument*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosure*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual period beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*

- Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments, where applicable, in the respective financial years when the above amendments become effective. The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

A2. Qualification of financial statements

The auditor's report on the audited financial statements for the financial year ended 30 November 2020 was not qualified.

A3. Seasonal and cyclical factors

The business operations of the Group are not subject to seasonal or cyclical factors.

A4. Exceptional and extraordinary items

There were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report.

A5. Changes in accounting estimates

There were no changes in estimates that had a material effect on the current quarter and period-to-date results.

A6. Debt and Equity Securities

During the financial quarter ended 30 November 2021, the Company issued 2,933,700 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 2,933,700 Irredeemable Convertible Preference Shares (“ICPS”)

On 29 November 2021, the Company completed a private placement exercise with the issuance and listing of 69,129,300 new ordinary shares at RM0.09 per share.

Save for the above, there were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the financial quarter ended 30 November 2021.

A7. Dividend Paid

No dividend was paid by the Company in the current quarter or year to-date.

A8. Segmental information

The Group is principally engaged in construction activities focusing on civil, main mechanical, architectural, piping pre-fabrication and installation works. During the financial year, the Group has commenced its rental income from its investment properties. Hence, the Group has reorganised a previous segment as “Investment properties & Others” to reflect its contribution.

The Group operates principally in Malaysia.

Financial period ended 30.11.2021	Construction RM'000	Investment properties & other RM'000	The Group RM'000
External revenue	15,336	1,080	16,416
Results			
Profit/(loss) before following adjustments:	64	(1,190)	(1,126)
Fair value gain on investment properties	-	18,968	18,968
Interest income	3	8	11
Depreciation of property, plant and equipment	(1,839)	(1)	(1,840)
Depreciation of right-of-use assets	(214)	-	(214)
Share of loss of associate, net of tax	-	14	14
Segment results	(1,986)	17,799	15,813
Finance costs			(1,395)
Taxation			(1,637)
Profit after taxation			12,781

Financial period ended 30.11.2021	Construction RM'000	Investment properties & other RM'000	The Group RM'000
As at 30.11.2021			
<u>Assets</u>			
Segment assets	45,605	77,807	123,412
Unallocated assets			19
Consolidated total assets			<u>123,431</u>
<u>Liabilities</u>			
Segment liabilities	35,083	21,356	55,439
Unallocated liabilities			-
Consolidated total liabilities			<u>55,439</u>

Revenue analysed by geographical location of customers is as follows:

	Current year- to- date ended 30.11.2021 RM'000	Preceding year- to- date ended 30.11.2020 RM'000
Malaysia	16,416	58,142
Asia (excluding Malaysia)	-	398
Europe	-	719
	<u>16,416</u>	<u>58,250</u>

A9. Material events subsequent to the end of the interim period

Save as disclosed below, there were no material events subsequent to the end of the interim period under review:

1. On 4 May 2021, the Company announced to undertake the following:
 - (a) Proposed acquisition of 19,000,000 ordinary shares in MGudang Sdn. Bhd. (“MGSB”), representing 74.51% equity interest in MGSB, by the Company from MMAG Holding Berhad (“MMAG”), for a purchase consideration of RM17,830,000, to be satisfied via a combination of cash of RM534,900 and issuance of 180,157,290 new ordinary shares in the Company (“DGB Shares”) at an issue price of RM0.096 each (“Proposed Acquisition of MGSB from MMAG”); and
 - (b) Proposed settlement of an amount owing by MGSB to MMAG of RM4,500,000.00 via issuance of 46,875,000 new DGB Shares at an issue price of RM0.096 each upon completion of the Proposed Acquisition of MGSB from MMAG (“Proposed Settlement”)

(collectively referred to as “Proposals”)

On 2 July 2021, the additional listing application in relation to the Proposals has been submitted to Bursa Securities.

On 28 September 2021, the Company entered into a supplemental agreement with MMAG to amend and vary certain provisions of the Shares Sale Agreement dated 4 May 2021 in respect of Proposed Acquisition of MGSB from MMAG (“SSA”).

On 22 October 2021, Bursa Malaysia Securities Berhad had approved the listing of and quotation for the new DGB Shares to be issued pursuant to the Proposals.

On 26 October 2021, a circular in relation to the Proposals and incorporating proposed new shareholders’ mandate for new recurrent related party transactions of a revenue of trading nature was circulated to shareholders and on 16 November 2021, the Proposal were approved by the shareholders at the extraordinary general meeting.

On 31 January 2022, the Company and MMAG had mutually agreed to further extend the period to fulfil the conditions precedent of the SSA to 21 April 2022. The Proposals have yet to complete as at the date of this report.

2. On 3 September 2021, the Company announced the plan to undertake a Proposed Private Placement under a general mandate obtained from the shareholders at its 14th Annual General Meeting which authorised the Board to allot and issue new DGB shares pursuant to Section 75 and 76 of the Companies Act 2016 up to 20% of the total number of issued DGB shares.

On 6 September 2021, The Company submitted additional listing application in relation to the Proposed Private Placement to Bursa Securities for which approval was granted on 1 October 2021. The Proposed Private Placement was completed on 29 November 2021.

A10. Changes in composition of the Group during and subsequent to the financial year ended 30 November 2021

1. On 18 March 2021, the Company incorporated a wholly subsidiary, Magnitude Resources Sdn. Bhd..
2. The Company currently owns a 25.49% equity interest represented by 6,500,000 ordinary shares following completion of the acquisition in MGSB following acquisition of the said stake from Vortex Consolidated Berhad on 17 July 2021.
3. On 30 December 2021, the Company entered into a Share Sales Agreement (“SSA”) with Dato Seri Teoh Hai Hin to acquire 100% equity interest of 2 ordinary shares in Hong Seng Energy Sdn. Bhd. (“HSESB”) at cash consideration of RM2.00. The SSA was completed on 4 January 2022. HSESB is involving in property investment for the purpose of generating rental income.

Except as disclosed above, there were no other changes in the composition of the Group.

A11. Contingent liabilities

As at 30 November 2021, the Company has issued corporate guarantees for banking facilities granted to subsidiaries of which RM18.09 million were utilised. Additionally, the Company has also issued corporate guarantees totalling RM2 million in favour of suppliers of a subsidiary.

A12. Capital commitment

	As at 30.11.2021
	RM'000
Approved and contracted for	
– Property, plant and equipment	<u>12,869</u>

A13. Significant related party transactions

There were no significant related party transactions during the financial quarter and period under review.

A14. Changes in fair value of financial assets and liabilities, transfers and classification

There have been no significant changes in the business or economic circumstances that could affect the fair value of the Group's financial assets and financial liabilities in the current financial year under review.

A15. Fair value of financial instruments

Other than those disclosed below, the fair values of the financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of these financial instruments. The fair values are determined by discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary.

	Fair value of financial instruments not carried				Carrying Amount
	at fair value				
As at 30.11.2021	Level 1	Level 2	Level 3	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial liabilities</u>					
Term loan	-	-	(18,091)	(18,091)	(18,091)
Finance lease liabilities	-	-	(776)	(776)	(776)
Other borrowings	-	-	(4,000)	(4,000)	(4,000)
Amount due to companies in which certain Directors have a substantial financial interest	-	-	(11,520)	(11,520)	(11,520)
	-	-	(34,387)	(34,387)	(34,387)

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Notes to the Unaudited Interim Financial Report for the fourth quarter ended 30 November 2021

(Cont'd)

The fair values above are for disclosure purposes and have been determined by the relevant cash flows using interest rates for similar instruments ranging from 3.5% to 8.10% (As at 30.11.2020: 3.5% to 8.10% per annum) per annum at the end of the reporting period.

PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

B1. Review of performance

	Individual Quarter				Cumulative Period			
	30.11.2021 RM'000	30.11.2020 RM'000	Changes RM'000	%	30.11.2021 RM'000	30.11.2020 RM'000	Changes RM'000	%
Revenue								
- Steel	-	950	(950)	-100%	-	5,761	(5,761)	-100%
- Construction	2,822	13,288	(10,466)	-79%	15,336	53,489	(38,153)	-71%
- Investment Properties & Others	820	-	820	-	1,080	-	1,080	-
	3,642	14,238	(10,596)	-74%	16,416	59,250	(42,834)	-72%
Profit/(Loss) before taxation								
- Steel	-	(74)	74	100%	-	(118)	118	100%
- Construction	(426)	(3,563)	3,137	88%	(3,012)	(12,457)	9,445	76%
- Investment Properties & Others	18,818	(4,716)	23,534	499%	17,430	(5,580)	23,010	412%
	18,392	(8,353)	26,745	320%	14,418	(18,155)	32,573	179%

The Group posted revenue of RM3.64 million and profit before tax (“PBT”) of RM18.39 million for the fourth quarter ended 30 November 2021 in respect of financial year ended 30 November 2021 (“Q4 FY2021”) as compared to revenue of RM14.24 million and loss before tax (“LBT”) of RM8.35 million for fourth quarter ended 30 November 2020 (“Q4 FY2020”).

Revenue contributed from construction segment on Q4 FY2021 was significantly lower compared to Q4 FY2020 due to competition and intermittent lockdowns which affected delivery timeline and by extension, recognition of revenue. On the other hand, rental income generated from its investment properties has started contributed positively to the consolidated revenue; about 29% of the Group’s revenue while the PBT was registered at RM18.82 million. The high PBT from investment properties segments was mainly due to a fair value gain of RM18.97 million on its properties located in the state of Penang.

On a year-to-date basis, the Group recorded revenue of RM16.42 million and PBT of RM14.42 million as compared to revenue of RM59.29million and LBT of RM18.22 million for the financial year ended 30 November 2020 (“FY2020”). The LBT in the construction segment resulted from low revenue recognition which was insufficient to absorb overhead expenditures such as depreciation as well as finance and administrative costs. As the Group continue its cost rationalisation exercise, LBT from construction segments was lower compared to FY2020. On the other hand, PBT of RM17.43 million registered in investment property segment was mainly due to the fair value gain from investment properties off-set with high corporate exercise captured during the FY2021.

B2. Variation of results against preceding quarter

	Current quarter ended 30.11.2021 RM'000	Immediate preceding quarter ended 31.08.2021 RM'000	Changes	
			RM'000	%
Revenue				
- Construction	2,822	240	2,582	1076%
- Investment Properties & Others	820	260	560	-
	3,642	500	3,142	628%
Profit/(Loss) before taxation				
- Construction	(426)	(1,200)	774	65%
- Investment Properties & Others	18,818	(380)	19,198	5052%
	18,392	(1,580)	19,972	1264%

The Group reported revenue and PBT of RM3.64 million and RM18.39 million respectively as compared with revenue of RM0.50 million and LBT of RM1.58 million reported in the immediate preceding quarter ended 31 August 2021 ("Q3 FY2021"). The lower revenue in Q3 FY2021 was insufficient to absorb overhead expenditures such as depreciation as well as finance and administrative costs resulting in a LBT position.

Rental income generated from investment properties & others segment has been pivotal in contributing to consolidated revenue during the quarter under review. The high PBT was mainly due to fair value gain of RM18.97 million from its investment properties located in the state of Penang.

B3. Prospects

The Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors of the economy. As such, the Directors are of the view that prospects of the Group for the near future would continue to be challenging.

As part of the initiatives to mitigate the pandemic's adverse impact to the Group's construction segment, the Group has implemented industrial and commercial warehousing activities to be part of the Group's recalibration and planning to better position the Group strategically and operationally. This is expected to strengthen the Group's business activities and operations and provide the Group with strong recurring income going forward.

B4. Variance between actual profit and forecast profit

The Group has not issued any profit forecast or profit guarantee.

B5. Income tax expense

	Current quarter ended 30.11.2021 RM'000	Current year-to- date ended 30.11.2021 RM'000
Current tax income	20	17
Deferred tax expenses	(1,654)	(1,654)
Income tax expense	<u>(1,634)</u>	<u>(1,637)</u>

B6. Notes to the statement of profit or loss and other comprehensive income

	Current quarter ended 30.11.2021 RM'000	Current year-to- date ended 30.11.2021 RM'000
Interest income	(4)	(12)
Interest expense	935	1,395
Amortisation	-	-
Depreciation on property, plant and equipment	459	1,840
Depreciation on right-of-used assets	54	214
Impairment loss on trade and other receivables	-	-
Impairment loss on contract assets	-	-
Fair value gain on investment properties	(18,968)	(18,968)
Reversal of impairment of contract assets	-	(1,070)
Share of loss/(gain) of associate	(23)	(14)
Property, plant and equipment written off	-	-
Gain on disposal of plant and equipment	-	-
Realised loss/(gain) on foreign exchange	-	-
Unrealised (gain)/loss on foreign exchange	-	-
Gain or loss on derivatives	-	-
Impairment loss on property, plant and equipment	-	-

B7. Corporate proposals

Save as disclosed in Note A9 item 1, there were no other corporate proposal pending for completion as at the date of this report.

B8. Group's borrowings

The Group's borrowings as at 30 November 2021 are as follows:

	Current Unsecured RM'000	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loans	-	587	17,504	18,091
Hire Purchases	-	358	418	776
Banker acceptance	-	806	-	806
Other borrowings	4,000	-	-	4,000
Total	4,000	1,751	17,922	23,673

The above borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

On 23 December 2021, Dynaciate SPI Sdn. Bhd. ("DSPI"), a wholly-owned subsidiary of the Company, was served a Writ and Statement of Claim dated 3 November 2021 and 1 November 2021 respectively from Sanki Construction ("the Plaintiff"). The Plaintiff has alleged that DSPI failed to settle the outstanding progress claim due and payable in the alleged sum of RM1,194,724.38. DSPI has disputed the alleged sum.

DSPI has elected to invoke and/or enforce its rights under the Arbitration agreed upon between parties. Accordingly, DSPI has applied for a stay pending reference to arbitration application in accordance with Section 10 of the Arbitration Act 2005 ("AA 2005"). As a result of stay application, any dispute between parties shall be stayed pending reference and determination by way of arbitration.

The Plaintiff has no objections to stay the Johor Bahru High Court matter pending reference to Arbitration and the Court has fixed the next case management on 14 February 2022.

Save as disclosed above, the Group was not engaged in any other material litigation during the current financial quarter.

B10. Proposed dividend

The Board did not recommend any dividend for the current quarter and financial year ended 30 November 2021.

B11. Earnings per ordinary share

(a) Basic

The basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual Quarter ended		Cumulative Period ended	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
Profit/(loss) attributable to owners of the Company (RM'000)	16,758	(8,409)	12,781	(18,222)
Weighted average number ordinary shares ('000)	677,938	590,118	652,257	558,477
Basic Earning/(loss) per share (sen)	2.47	(1.42)	1.96	(3.26)

(b) Diluted

The diluted earnings/(loss) per share of the Group is calculated from the profit/(loss) attributable to owners of the Company divided by weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares during the financial year.

The diluted earnings/(loss) per share of the Group were not presented as the effect of the assumed conversion of ICPS on the loss per ordinary share is anti-dilutive. The effect of the assumed exercise of Warrants has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.